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# Iowa Finance Authority Announces Launch of 2015 First-Time Home Buyer Tax Credit

## **Mortgage Credit Certificates offer qualified Iowa home buyers up to \$2,000 in annual federal income tax credits**

(DES MOINES) – The Iowa Finance Authority (IFA) today announced that eligible first-time Iowa home buyers may purchase a home and reduce their federal income tax liability by up to \$2,000 a year for the life of their mortgage. Approximately 400 Iowa home buyers are expected to benefit from the program, which is now available for new purchases through a network of Take Credit Participating Lenders throughout the state.

“The Take Credit Program will provide an additional incentive to first-time Iowa home buyers as we move into the spring home buying season,” said Iowa Finance Authority Executive Director Dave Jamison. “Hundreds of Iowa families will be able to both realize their dream of homeownership and benefit from a significant reduction in their federal income taxes.”

The program provides eligible home buyers with a tax credit against their federal income tax liability every year for the life of their mortgage. The amount of the tax credit for the 2015 program is set at 50 percent of the mortgage interest paid, up to a maximum of \$2,000 per year, for up to 30 years. The remaining mortgage interest may be taken as a deduction from taxable income if the home buyer itemizes.

Eligibility for the Take Credit Program requires home buyers to meet household income and purchase price limitations and meet the definition of a first-time home buyer. The federal income limits vary by county, the limits currently range from \$65,300 to \$111,300 per year. A purchase price limit of \$250,000 applies statewide with the exception of federally Targeted Areas where the limit is \$305,000. A first-time home buyer is defined as someone who has not owned their primary residence in the past three years but also includes home buyers purchasing in a federally Targeted Area and military veterans who have not previously financed a home using a tax exempt bond program.

“This program will help to fuel an already healthy Iowa real estate market,” said Iowa Association of Realtors CEO Dave Bert. “Statewide home sales have increased five percent over February of last year, home prices have increased and they are selling faster. The Take Credit program provides even more incentive for first-time home buyers to act now – this is an exciting time for home buyers.”

“Interested home buyers can apply for a mortgage credit certificate through a Take Credit Participating Lender as part of their financing process. Home buyers will need to have approval of the mortgage credit certificate before they close on a home so they should ask their lender about this opportunity early in the application process,” said Jamison.

The mortgage credit certificate was authorized by Congress in the 1984 Tax Reform Act and capacity for the program is derived from an annual allocation of tax-exempt bond volume cap from the U.S. Treasury Department. The 2015 Take Credit Program has an allocation of private activity bond volume cap sufficient to issue mortgage credit certificates for mortgages totaling approximately \$42 million. The certificates are available on a first-come first-serve basis and the program will be closed for further reservations once available funding has been exhausted. More information is available at [IowaFinanceAuthority.gov/TakeCredit](http://IowaFinanceAuthority.gov/TakeCredit).

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